

Message Text

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SUBJECT: UPDATE ON SEVENTH DAY ADVENTIST SITUATION IN ETHIOPIA

REF: ADDIS ABABA 8994 AND PREVIOUS

1. SUMMARY. CHARGE MET AUGUST 26TH WITH SEVENTH DAY ADVENTIST (SDA) REPRESENTATIVES TO REVIEW CURRENT STATE OF SDA'S PROBLEMS. SDA REPS REPORTED WHAT THEY CONSIDER TO BE SOME PROGRESS RE HOSPITAL, BUT DID NOT YET KNOW MAGNITUDE OF PROBLEM RE PRINTING PRESS, IF ANY. SDA REPS TOLD US FOR FIRST TIME THAT 1965 AGREEMENT TO CONSTRUCT AND OPERATE HOSPITAL WAS ENTERED INTO BY WORLD WIDE ADVENT MISSIONS LTD., A BRITISH OFFICE OF SDA, THUS OPENING POSSIBILITY THAT NATIONALIZATION OF HOSPITAL MAY BE IN FIRST INSTANCE A BRITISH, OR PERHAPS JOINT U.S.-BRITISH CONCERN, RATHER THAN PURELY AMERICAN. END SUMMARY.

2. ON AUGUST 26 MR. CHARLES WATSON, VICE-PRESIDENT FOR AFRO-MIDEAST DIVISION OF THE GENERAL CONFERENCE OF THE SEVENTH DAY ADVENTIST (SDA)

,
MR. GREGG, DIVISION TREASURER, AND DR. TED FLAIZ, SDA ETHIOPIA, CALLED

ON CHARGE TO REPORT ON FURTHER DEVELOPMENTS REGARDING SDA HOSPITAL AND OTHER SDA INTERESTS IN ETHIOPIA. WATSON, WHO DID NEARLY ALL OF THE TALKING ON BEHALF OF THE GROUP, REPORTED THAT BEKELE HEYE, LOCAL SDA PRESIDENT, HAD HAD A SERIES OF MEETINGS WITH EPMG

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OFFICIALS, INCLUDING PMAC SECURITY COMMITTEE CHAIRMAN COLONEL

TEKA TULU. SDA HAS NOW CONCLUDED THAT IT IS MOST UNLIKELY NATIONALIZATION OF SDA HOSPITAL WILL BE REVERSED. WATSON, HOWEVER, WAS RELATIVELY OPTIMISTIC REGARDING THE OUTLOOK FOR THE SDA IN ETHIOPIA. SEVERAL ISSUES REMAIN OUTSTANDING, INCLUDING SDA PRINTING PRESS, RIGHT OF SDA EXPATRIATE HOSPITAL STAFF TO LEAVE ETHIOPIA, STATUS OF OTHER SDA HOSPITALS AND CLINICS IN ETHIOPIA AND QUESTION OF SEVERANCE OR COMPENSATION PAY FOR HOSPITAL EMPLOYEES.

3. RE SEVERANCE AND COMPENSATION PAY, WATSON INDICATED THAT SOME PROGRESS HAS BEEN MADE. DESPITE CONFLICTING LEGAL ADVICE ABOUT WHETHER SDA SHOULD PAY, SDA HAS OPTED TO DO SO, AND HAS ACCEPTED AN EPMG TOTAL FIGURE OF 376,000 ETHIOPIAN DOLLARS AS BEING DUE. (NOTE: COMPENSATION PAY IS DESIGNED TO COVER PENSION RIGHTS AND OTHER BENEFITS WHICH HOSPITAL EMPLOYEES WOULD OTHERWISE BE ABLE TO CLAIM FROM SDA.) WATSON SAID THAT EPMG HAS AGREED THAT THAT AMOUNT OF SEVERANCE PAY AND COMPENSATION COULD BE DEDUCTED FROM ASSETS OF THE HOSPITAL AS OF JULY 7, THE DATE OF NATIONALIZATION. SDA OFFICIALS FEEL THAT THIS IS A SIGNIFICANT STEP FORWARD AS IT MEANS THAT THEY WILL NOT HAVE TO PAY THE AMOUNT IN CASH. IT APPEARS THAT IF THE 376,000 ETHIOPIAN DOLLARS ARE TAKEN FROM HOSPITAL'S ASSETS, THE MONEY WILL BE PLACED IN A RESERVE FUND TO BE HELD AT THE MINISTRY OF HEALTH. SDA OFFICIALS SAID THEY WOULD ACCEPT THIS SOLUTION. WATSON INDICATED THAT THE SDA OFFICIALS HAVE ALSO REACHED AGREEMENT WITH THE NEW HOSPITAL MANAGER REGARDING THE STATUS OF THE HOSPITAL'S ACCOUNTS. THEY CONSIDER IT PROBABLE THAT THE MINISTRY OF HEALTH WILL ACCEPT THE AMOUNTS IN THE NEAR FUTURE.

4. SDA APPARENTLY PLANS TO FILE A CLAIM WITH ETHIOPIAN COMPENSATION COMMISSION IN AN ATTEMPT TO RECEIVE SOME MONETARY COMPENSATION FOR ITS EXPROPRIATED ASSETS. UNDER THE TERMS OF THE SDA 1965 AGREEMENT WITH THE ETHIOPIAN GOVERNMENT, COMPENSATION FOR GOVERNMENT TAKEOVER OF THE HOSPITAL IS TO BE ON THE BASIS OF STRAIGHT-LINE DEPRECIATION OVER 60 YEARS. WATSON STATED THAT DUE TO DEVALUATION OF ETHIOPIAN DOLLARS SINCE INITIAL INVESTMENT, PLUS GENERAL PESSIMISM REGARDING COMPENSATION COMMISSION, HE WOULD NOT EXPECT TO RECEIVE A LARGE AMOUNT OF COMPENSATION FOR THE HOSPITAL. THIS, HOWEVER, DID NOT APPEAR TO BE OF PARAMOUNT CONCERN TO HIM.

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5. RE SDA PRINTING PRESS, IT APPEARS THAT THIS ISSUE MAY ALSO BE HEADED TOWARD RESOLUTION, ALTHOUGH SDA DID NOT YET KNOW WHAT KIND OF A PROBLEM IT HAD. A GENERALLY DECREASED WORK LEVEL (IN PART RELATED TO THE FACT THAT SDA PRINTING PRESS NO LONGER SERVES SDA HOSPITAL), THE FACT THAT THE PRESS HAS BEEN OPERATING AT A LOSS FOR SEVERAL YEARS, UNCERTAINTY WHETHER RELIGIOUS PUBLICATIONS WILL BE ALLOWED IN THE FUTURE, AND LABOR PROBLEMS

SIMILAR TO THOSE ENCOUNTERED AT THE HOSPITAL, HAVE INFLUENCED SDA INTERNATIONAL OFFICIALS TO ELIMINATE OUTSIDE SUBSIDY TO THE PRESS AND LOCAL OFFICIALS ARE ATTEMPTING TO CLOSE THE OPERATION. LOCAL SDA OFFICE INFORMED EPMG ONE WEEK AGO OF THEIR INTENTION. THE BUILDING IN WHICH THE PRESS HAS BEEN LOCATED WILL BE TURNED INTO A PLACE OF WORSHIP AND THE DISPLACED WORKERS WILL BE COMPENSATED IN A MANNER SIMILAR TO THOSE AT THE HOSPITAL. SDA WAS DUE TO COURT AUG 27 IN CONNECTION WITH THE PRESS, BUT DID NOT KNOW WHAT THE PROBLEM WAS AND WE HAVE NOT YET HEARD.

6. WATSON SAID THAT THE STATUS OF OTHER SDA HOSPITALS AND CLINICS IN ETHIOPIA IS STILL UNCLEAR. HE HAS NOT YET HAD A LONG-PROMISED DISCUSSION WITH THE PERMANENT SECRETARY IN THE MINISTRY OF HEALTH ON THIS SUBJECT. WATSON SAID THAT WHILE HE CONSIDERS IT LIKELY THAT IN THE LONG RUN EPMG MAY TAKE OVER THE OTHER SDA HEALTH FACILITIES, AT THE PRESENT TIME SERIOUS STAFF SHORTAGES IN ALL HOSPITALS MAKE SUCH ACTIONS UNLIKELY. HE INDICATED THAT THE SDA IS CONSIDERING MODERATE INCREASES IN THE LEVEL OF STAFF AND SERVICES AT SOME OF THEIR SMALLER CLINICS, BUT NO NEW CAPITAL INVESTMENT.

7. SDA HOSPITAL STAFF REMAINING IN ETHIOPIA ARE IN GOOD CONDITION. IT APPEARS LIKELY THAT DR. HOLM (AMERICAN) AND MR. ALIMONTE (FILIPINO) WILL CONTINUE TO BE REFUSED EXIT VISAS UNTIL AT LEAST THE SEVERANCE AND COMPENSATION PAY ISSUE IS SETTLED. DR. FLAIZ, A DENTIST, IS SCHEDULED TO DEPART ETHIOPIA SEPTEMBER 8, WITH TENTATIVE PLANS TO RETURN OCTOBER 22. WATSON EXPLAINED THAT THE SDA HAS PLANS TO ESTABLISH A "TRIAL BALLOON" DENTAL CLINIC HEADED BY DR. FLAIZ. AS THE CLINIC WOULD EMPLOY ONLY 5 WORKERS, IT WOULD APPARENTLY NOT FALL UNDER THE NEW LABOR LEGISLATION REQUIRING LABOR UNIONS FOR ALL ESTABLISHMENTS WITH 20 EMPLOYEES.

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8. RESPONDING TO QUESTION FROM THE CHARGE, WATSON SAID THAT THE SDA HAS NOT YET RECEIVED OFFICIAL NOTIFICATION OF HOSPITAL NATIONALIZATION. SDA OFFICIALS HAVE RECEIVED VERBAL CONFIRMATION OF THE NATIONALIZATION BUT THUS FAR THEIR ATTEMPTS TO GET A FORMAL STATEMENT HAVE BEEN UNSUCCESSFUL. THE CHARGE STRONGLY RECOMMEND THAT THE SDA CONTINUE ITS EFFORTS TO OBTAIN FORMAL NOTIFICATION. SDA HAS SENT LETTER TO PMAC ADMINISTRATIVE COUNCIL ADDRESSING THEIR SITUATION AND ASKING FOR GUIDANCE ON HOW TO PROCEED. THEY HOPE THE REPLY MAY CLARIFY THEIR STATUS.

9. WATSON SAID THAT THE GROUP HAD EARLIER BEEN TO THE BRITISH EMBASSY FOR A SIMILAR DISCUSSION OF THE ISSUES IN THE CASE. HE EXPLAINED THAT SINCE THE HOSPITAL HAD BEEN ESTABLISHED BY THE WORLDWIDE ADVENT MISSIONS LTD., A BODY INCORPORATED IN THE UNITED KINGDOM, HE FELT OBLIGATED TO KEEP THE BRITISH EMBASSY

INFORMED. BRITISH CONNECTION RAISES THE QUESTION OF WHETHER AMERICAN INTERESTS, APART FROM NATIONALITIES OF INDIVIDUALS, ARE DIRECTLY INVOLVED. CLEARLY, THERE IS AT LEAST AN INDIRECT AMERICAN INTEREST SINCE THE WORLD HEADQUARTERS OF THE SDA ARE IN THE UNITED STATES. MATTER IS UNCLEAR TO US AND WE DOUBT ETHIOPIANS HAVE EVEN THOUGHT ABOUT IT. FOR PRESENT, HOWEVER, WE SHALL CONTINUE FOLLOW THE PROBLEM AND WILL KEEP IN TOUCH WITH THE BRITISH EMBASSY, UNLESS THE DEPT INSTRUCTS OTHERWISE.

10. MR. WATSON MADE NO REQUEST FOR ACTION BY THE EMBASSY ON BEHALF OF SDA, AND LEFT OPEN THE FUTURE. THE MORE BUSINESSLIKE APPROACH OF MR. WATSON IS A WELCOME ADDITION TO THE CASE. WATSON WHO STRIKES US AS LEVEL-HEADED INDIVIDUAL, SAID HE HOPES TO HAVE ALL OF THE MAJOR OUTSTANDING ISSUES WRAPPED UP WITHIN TEN DAYS, AT WHICH TIME HE WOULD RETURN TO THE U.S. FOR MEETING WITH SDA HEADQUARTERS STAFF. WE GAVE HIM NAME AND TELEPHONE NUMBER OF ROBERT BARRETT, AF/E.

11. THE EMBASSY IS POUCHING THE AF/E PHOTOCOPIES OF THE AGREEMENT ON THE ESTABLISHMENT OF THE HOSPITAL AND A LETTER MENTIONED PARA 8 ABOVE.

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